

The Gazette



of India

EXTRAORDINARY

PART I—Section I

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MINISTRY OF COMMERCE AND INDUSTRY

PUBLIC NOTICE

IMPORT TRADE CONTROL

New Delhi, the 20th July 1957

SUBJECT:—*Import of tobacco from U.S.A. under the Agricultural Commodities Agreement between the United States and India under U.S. Title I of the Agricultural Trade Development and Assistance Act of 1954 as amended (U.S.P.L. 480).*

No. 52-I.T.C. (P.N.)/57.—It had been stated in the Red Book that import of 'unmanufactured tobacco' falling under S. No. 96/IV during January-June, 1957 period will be done on an *ad hoc* basis.

2. The agreement between U.S.A. and India for import of certain agricultural commodities from U.S.A. into India provides for certain imports of tobacco. Accordingly the following procedure is prescribed for such imports and will come into force, with immediate effect, for imports of unmanufactured tobacco from U.S.A. under this Agreement.

3. Purchase Authorisations providing for sale and delivery of tobacco of 1956 or earlier crops and of 1957 or earlier crops will be issued by the U.S. Government from time to time. These Purchase Authorisations will indicate the periods during which contracts can be made and shipments can be effected. The price must be specifically stated in the contract.

4. Against such Purchase Authorisations, Government of India will issue import permits (hereinafter referred to as sub-authorisations) in the form as at Annexure I, which will be governed by the conditions set forth in Annexure II. Any further condition that may become necessary to govern the said imports, will be published from time to time.

5. The importers will be permitted to purchase tobacco covered by the above sub-Authorisations from the open market in the U.S.A.

6. Applications will be entertained for import from U.S.A. of unmanufactured tobacco required for cigarette manufacture, pipe tobacco and cigar wrapper tobacco from Actual Users only.

7. Separate applications shall be made, by registered posts, with acknowledgement due to C.C.I., New Delhi in the usual way for (i) tobacco of 1956 or earlier crops and (ii) tobacco of 1957 crop or earlier crops mentioning the following additional information:—

- | | |
|------------------------|------------------|
| (a) Importer's grades: | Quantity in Lbs. |
| 1 | 1. |
| 2 | 2. |
- (b) C.I.F. price of the goods in dollars and approximate rupee equivalent.
(c) Ports of Entry in India.
(d) Name and address of the importer's Bank in India.

8. Every application form should be accompanied by a Bank Guarantee in the following form:—

"We hereby guarantee that in respect of tobacco imported under the sub-Authorisation granted in terms of this application, the rupee equivalent of the net dollar disbursement made by the U.S. Bank under the Letters of Credit established against the Letter of Commitment issued by Commodity Credit Corporation at the rate of exchange indicated in U.S. dollar rate list issued by the State Bank of India, Foreign Department, Calcutta on the date of the dollar disbursement by U.S. Bank, will be deposited into the U.S. Embassy Title Account in the State Bank of India, New Delhi immediately on receipt of the shipping documents."

9. As soon as the rupee equivalent of the net dollar disbursement is deposited into the U.S. Title Account, the Importer's Bank in India must inform the C.C.I., New Delhi accordingly, enclosing the receipts therefor and indicating the relevant purchase authorisation number and sub-authorisation number to which the transaction relates. This information should also be repeated to the Department of Economic Affairs, Ministry of Finance and to the Disbursing Officer, U.S. Embassy, New Delhi. The C.C.I. may thereafter release the bank guarantee. It will be the sole responsibility of the importer and/or his Bankers in India to deposit the correct rupee amount into the U.S. Title Account.

The importer and/or the bank concerned must furnish to the C.C.I., New Delhi any information which he may require in connection with the import of tobacco under the above mentioned programme.

10. As soon as a sub-authorisation is issued the importer should request his bank in India referred to in the sub-authorisation through the C.C.I., New Delhi, to arrange for the issuance of a letter of Credit on the "U.S. Bank" referred to in the said sub-authorisation. The Bank of America has been named as the designated bank in U.S.A. The C.C.I. New Delhi will then inform the said U.S. Bank of the names of the Importer's Bank in India authorised to open letter of credit against each sub-authorisation, indicating at the same time—

- (i) P. A. No.
- (ii) Sub-authorisation No.
- (iii) Amount in dollars etc.

Cable charges will be recovered from the Importer. Importer's Bank in India will then arrange with the designated U.S. Bank for the establishment of letters of credit in favour of the Supplier concerned within the amount allocated.

11. The shipping documents will, as usual, be sent by the "U.S. Bank" to the "Bank in India." The 'Bank in India' will credit the rupee equivalent of the net dollar disbursements made by the U.S. Bank under the letters of credit established against the letter of commitment issued by C.C.C. at the rate of exchange prevalent on the date of dollar disbursement by the U.S. bank into the U.S. Embassy Title Account in the State Bank of India, New Delhi. This rate of exchange will be the rate indicated for that date in the U.S. dollar rate lists issued by the State Bank of India, Foreign Department, Calcutta which are circulated to all offices of the bank.

12. In the event of a complaint by the Importer, the importer should send to the C.C.I. New Delhi, Agricultural Attache, U.S. Embassy, New Delhi and Economic Affairs Department, Ministry of Finance, New Delhi, a copy each of the impartial controller's report or arbitrator's report, if any, and the debit note in respect of claims for damage or deficiency.

13. The issue of sub-Authorisation will be stopped immediately, the monetary ceiling allocated for this purpose is reached.

14. Purchase Authorisation No. 39-08 for tobacco of 1956 or earlier crops and another P.A. No. 39-10 for 1957 or earlier crops have already been issued on 2nd and 31 May, respectively by U.S.A. A copy of the conditions specified in such Purchase Authorisations is annexed. (Annexure III). The importers should fully familiarise themselves with all the regulations and provisions of the Purchase Authorisations and should ensure, by informing their suppliers in U.S.A. that none of the regulations governing the sales of agricultural commodities issued by U.S. Department of Agriculture are violated,

ANNEXURE I

Sub-authorisation No.....

GOVERNMENT OF INDIA

(Import Trade Control)

IMPORT PERMIT

(Tobacco Imports from U.S.A.)

Issued under the provisions of Import and Export Control Act 1947, as amended from time to time and without prejudice to the application of any other prohibition or regulation affecting the importation of tobacco which may be in force at the time of its arrival.

The Government of India are pleased to permit

Messrs

Address

Income-tax verification No.....

to import tobacco subject to the conditions prescribed in Ministry of C.I. Public Notice No. 52-ITC(PN)/57 and dated 20th July, 1957 and any other condition that may further be prescribed in this behalf by the Government of India from time to time through Official Gazette.

Description of Commodity.....

Importer's grades of tobacco Approximate Quantity in lbs.

(i)

(ii).....

Source U.S.A.

Contracting period from.....ending

Delivery period fromending
(period of shipment)

Amount of Dollars sub-authorised: U.S. Dollars

Rupee equivalent: Rs.

Banking Institution to handle financing:

Bank in India.....

U.S. Bank

Basis of Delivery

Ports of entry into India

for Chief Controller of Imports & Exports.

ANNEXURE II

1. GENERAL.

(a) For imports under this programme the sub-authorisation will be issued in duplicate, one for customs and the other for the rupee payments.

(b) The sub-authorisation is not transferable except with the permission of Chief Controller of Imports and Exports or a person duly authorised by him.

(c) Any unauthorised alteration or erasure in this permit shall render it null and void.

(d) No remittance of foreign exchange is to be made against the sub-authorisation except to the extent specified in para 2(e) (ii) below but the importer is required to deposit the Rupees as specified in the notice.

(e) The Chief Controller of Imports and Exports may supplement, modify or revoke the sub-authorisation at any time under special consideration.

2. CONTRACT WITH SUPPLIERS (EXPORTERS).

(a) The contract shall be entered into only during the period specified in the sub-authorisation.

(b) The shipment shall take place during the period specified in the sub-authorisation.

(c) The importer should inform the supplier that the transactions will be financed in terms of the Agricultural Commodities Agreement between the Government of the United States and the Government of India signed under the United States, Public Law 480. The importer and the supplier must strictly follow the regulations governing the sales of agricultural commodities for foreign currency issued by the U. S. Department of Agriculture. The importer should also intimate to the supplier the relevant Purchase Authorisation No. and instruct him of the special provisions for carrying out the transactions.

(d) Within a fortnight of the expiry of the contracting period mentioned in the sub-authorisation, the importer shall report to the Chief Controller of Imports and Exports, Ministry of Commerce and Industry, New Delhi, the total value of the goods contracted for, mentioning the Serial No. of the sub-authorisation. If no report is received by the due date, it will be presumed that no contract has been entered into and the sub-authorisation shall be treated as cancelled.

(e) The importer must advise the supplier that at least 50 per cent of the dry cargo liner tonnage, if any, and at least 50 per cent of the dry bulk carrier tonnage, if any, of the tobacco contracted for must be shipped on US flag vessels. The remaining 50 per cent can be shipped on non-US flag vessels. For full instructions in this connection, please refer to Specimen Copy (Annexure III) of the conditions specified in Purchase Authorisations according to which advance approval of charters and bookings must be obtained. Further procedure may be as below.—

(i) *Ocean Transportation by U.S. flag vessels*—In this case the ocean transportation will be financed by Commodity Credit Corporation for C. & F or C.I.F. contracts, as part of the commodity unit cost therein under the export letter of credit. The approval obtained by the supplier for vessel booking will state the amount of ocean freight differential, if any, which the C.C.C. will recognize and absorb as existing between the prevailing foreign flag vessel rate and US flag vessel rate. The amount of such a differential will be paid separately to the suppliers by C.C.C. and such amount must not, therefore, be included in the suppliers' net invoice price to be financed under the export letter of credit. The deposit into the US Title Account by the importer's Bank in India will be the rupee equivalent of the net C. & F. or C.I.F. dollar cost which will be paid by the US banks under the Export letter of credit.

(ii) *Ocean Transportation by non-US flag vessels*.—It is for the importer to arrange with the supplier the type of the contract he desires. The payment for the freight on such transportation will not be made by the C.C.C. under the export letter of credit but the importer will have to bear the ocean freight himself. The necessary foreign exchange will be made available to importers for such payment. Where ocean transportation is covered by the commodity unit price as in the case of C & F and C.I.F. contracts, a deduction for ocean transportation is to be shown on the suppliers' detailed invoice covering the commodity shipped on such vessel. The deposit in the US Title Account by the importer's bank in India will be the rupee equivalent of the net dollar cost (excluding the ocean freight) which will be paid by the US banks to the suppliers under the export letter of credit.

(f) The importer shall advise the shipper to airmail at the time of loading two copies or photostat of the ocean or charter party bill of lading or airway bill to the CCI, Ministry of Commerce and Industry, New Delhi.

(g) The contract with the supplier should provide that payment shall be by cash against sight draft supported by necessary documents on a banking institution, indicated in the sub-authorisation, in the United States.

(h) *Other conditions will be as specified in Purchase Authorisations against which sub-authorisations are issued annexed hereto. The importers should fully familiarise themselves with all the regulations and provisions of the Purchase Authorisation as mentioned in Annexure III and inform the suppliers (exporters) accordingly with a view to ensure that none of the regulations governing the sales of agricultural commodities issued by the USDA are violated. This is important.*

3. PURCHASE PRICE

The purchase in U.S.A. can be made freely at the prevailing U.S. market price.

ANNEXURE III

CONDITIONS SPECIFIED IN PURCHASE AUTHORISATION

The accepting Government shall instruct its importers to contract for the purchase of the tobacco hereunder on the basis that:

- (a) Payment shall be made under irrevocable letter(s) of credit issued, confirmed or advised by banking institution(s) in the United States.
- (b) If the importer procures the tobacco through an affiliate of the importer, the amount to be financed hereunder (subject to section 11.11 and other provisions of the Regulations) shall be the initial purchase price from the U.S. source plus actual or average costs of any processing and handling of such tobacco to U.S. seaboard incurred by such affiliate and in the case of a separately incorporated affiliate any markup regularly charged by such affiliate. C.C.C. shall have the right to require the affiliate to substantiate such costs and markup and shall have the right to audit the books and records pertaining thereto.
- (c) As used herein an "affiliate" shall mean (1) a U.S. branch office of the importer; (2) a Corporation which owns or controls the importer; (3) a Corporation which is owned or controlled by the importer; or (4) a Corporation which is owned or controlled by the same corporation which owns or controls the importer.
- (d) On c. & f. or c.i.f. sales, except where the shipment is required by U.S.D.A. to be made on a U.S. flag vessel, the cost of ocean transportation shall be deducted by the supplier from his invoice price to be financed by C.C.C. and settled separately between the supplier and importer or the commodity shipped freight collect.
- (e) All contracts shall refer to the number or the authorization.

2. *Adjustment Refunds and Insurance Payments.*—All claims by importers for breach of contract and for adjustment refund arising out of the terms of the contract or out of the normal custom of the trade, including arbitration and appeal awards, amicable allowances, and claims for overpayment of ocean transportation shall be settled by payment in United States dollars and such payment shall be remitted by the supplier for the account of the importer, to the banking institution to which the supplier presented the documents covering the original transaction. The accepting Government shall arrange for payment to C.C.C. in U.S. dollars at the end of each calendar quarter of an amount equivalent to the total amount paid by suppliers under any such claims and by insurance companies under claims for loss or damage on c.i.f. shipments. Immediately after receipt of such dollar amount, C.C.C. will provide for payment to the accepting Government of the local currency equivalent of such amount at the exchange rate specified in section 4 of these Special Provisions, in effect on the date of such payment of local currency, except that if there has been a change in the exchange system or structure of the importing country, such payment shall be made at the exchange rate, specified in section 4 of these Special Provisions, which was in effect on the date or dates of the dollar disbursements made in financing the respective transaction.

3. *Documentation.*—The following documentation will be required for reimbursement:—

- (a) The documentation specified in section 11.9(a) of the Regulations.

(b) In addition to the information required by section 11.9(a)(3) of the Regulations to be shown on the supplier's detailed invoice, such invoice shall show:

- (i) U.S. type and crop year of the tobacco and a recapitulation of the quantity and value of the tobacco by type and crop year.
- (ii) In the case of procurement by importers through other than affiliates, the following certification stamped or typed on the invoice, and executed by the supplier: "I hereby certify that the tobacco represented on this invoice was produced in the continental United States and/or Puerto Rico in 1956 and/or prior crop years. I further certify that the supplier is not an affiliate of the importer".
- (iii) In the case of procurement by importers through an affiliate, the actual or season grade average initial purchase price paid by the supplier in purchasing from U.S. source, the actual or average cost of any processing and handling of such tobacco to U.S. seaboard and in the case of a separately incorporated affiliate any markup regularly charged by such affiliate. (This information may be furnished in a separate signed statement submitted to C.C.C.). The following certification must be stamped or typed on the invoice and executed by the supplier: "I hereby certify that the tobacco represented on this invoice was produced in the continental United States and/or Puerto Rico in 1956 and/or prior crop years. I further certify that the amounts itemized hereon are not in excess of amounts actually paid or regularly charged for such items."

4. *Deposit of Local Currency.*—The accepting Government shall arrange for the deposit with the United States Disbursing Officer, United States Embassy, New Delhi, India, of an amount of Indian rupees equivalent to dollar disbursements by United States banking institutions or by C.C.C., as described below, at the rate of exchange for U.S. dollars generally applicable to import transactions (excluding imports granted a preferential rate) in effect on the date of each such dollar disbursement.

Where time drafts are accepted under letters of credit, C.C.C. will make disbursements to the banking institution(s) in the amounts of such drafts on the date of maturity of each such draft, and the Indian rupees shall be deposited on such date, except that if the banking institution advises C.C.C. that it has been informed that the importer has made arrangements for the Indian rupees to be deposited on a date earlier than the maturity date, C.C.C. will make disbursement on such earlier date, and the Indian rupees shall be deposited on such earlier date.

In the case of all other payments under letter of credit, deposits shall be made immediately after receipt by the approved applicant of documentation showing the amount of dollar disbursements to suppliers by U.S. Banking institutions under such letters of credit.

The documentation to be furnished to the United States Disbursing Officer for each deposit shall show the number of this authorization, the date and amount of the related dollar disbursement, the exchange rate applicable to the deposit and the amount of Indian rupees deposited.

5. *Ocean Transportation.*—Unless otherwise authorized by the Director, Transportation and Storage Services Division, Commodity Stabilization Service, United States Department of Agriculture, Washington 25, D.C., at least 50 per cent. of the dry cargo liner tonnage, if any, and at least 50 per cent. of the dry bulk carrier tonnage, if any, of the tobacco purchased hereunder, will be required to be shipped on privately owned United States-flag commercial vessels. Advance approval of charters and bookings must be obtained. This may be done by telephone (Republic 7-4142, Extension 4314) or telegram, provided CCC Form 105 confirming the information supplied by telephone or telegram, is furnished promptly. Vessel approvals will not be granted or CCC Forms 106 issued until the importer or the accepting Government notifies the Director in writing of the name of the person or firm which will apply for such approval in connection with a particular transaction. CCC Form 106, "Advice of Vessel Approval", will be issued by USDA for each vessel approved. Subject to compliance with this section and the other requirements of the regulations and this authorization, the

net invoice price of that portion of the tobacco which is required by the Director to be shipped on U.S. flag vessels will be financed by CCC. In the case of the tobacco not required by the Director to be so shipped, the cost of ocean transportation on c. & f. and c.i.f. sales must be deducted from the supplier's invoice price to be financed by CCC and settled separately between the supplier and the importer or the tobacco shipped freight collect. Ocean transportation will not be financed on tobacco sold f.a.s. vessel.

6. *CSS Commodity Office*.—The CSS office which will administer this financing operation on behalf of CCC is:

Fiscal Division,
Commodity Stabilization Service,
U.S. Department of Agriculture,
Washington 25, D.C.

S. N. BILGRAMI, Jt. Secy.

